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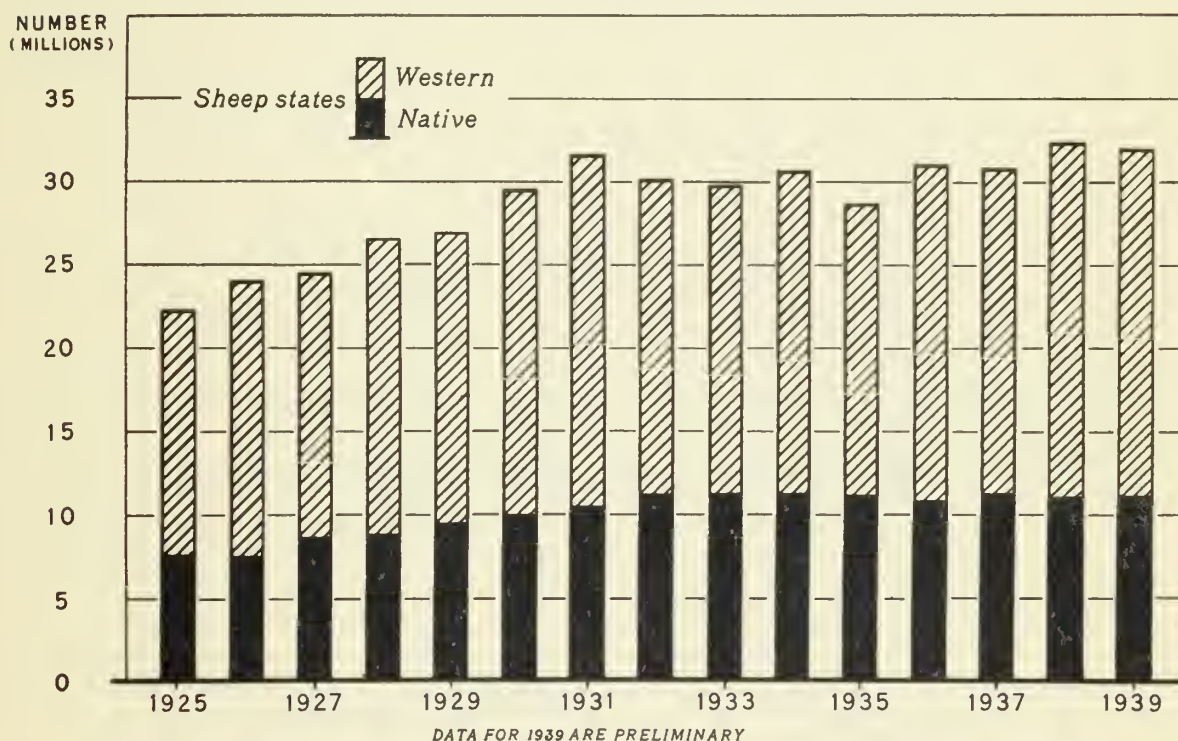
UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS
WASHINGTON

LS-2

August 18, 1939

THE LIVESTOCK SITUATION

UNITED STATES LAMB CROP, 1925-39



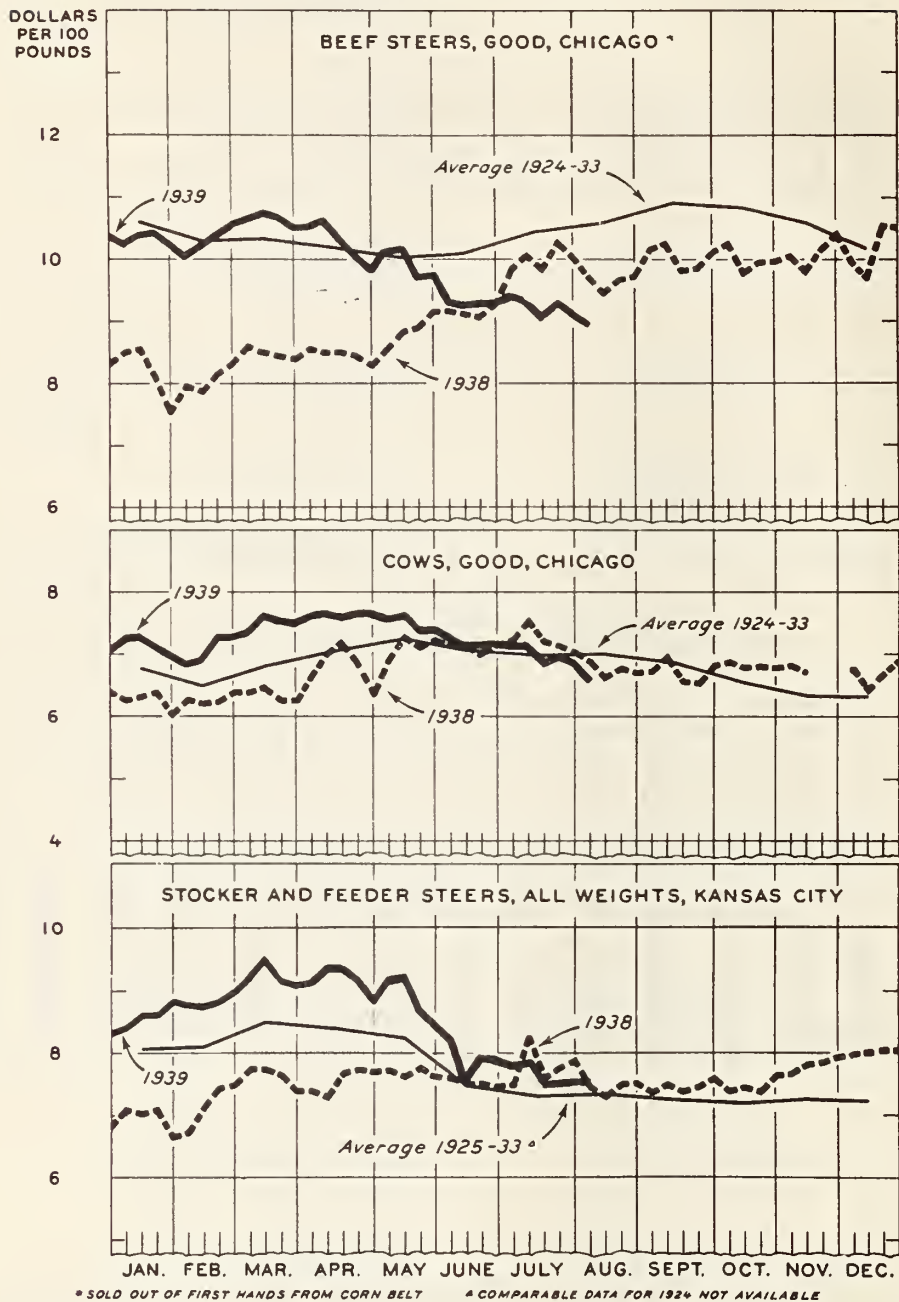
U. S. DEPARTMENT OF AGRICULTURE

NEG. 21898

BUREAU OF AGRICULTURAL ECONOMICS

The 1939 lamb crop was about 1 percent smaller than the crop of last year, which was the largest on record. From 1925 to 1931 the lamb crop increased nearly 50 percent. But since 1931 the crop has not changed greatly, except for a sharp decrease in 1935 following the 1934 drought.

**PRICES OF SLAUGHTER CATTLE AT CHICAGO AND OF STOCKER
AND FEEDER STEERS AT KANSAS CITY**



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BUREAU OF AGRICULTURAL ECONOMICS

Figure 1.- Prices of slaughter cattle and of stocker and feeder cattle declined rather sharply from early April to mid-June. The drop in prices of better grades of slaughter steers was somewhat greater than the decline in prices of other kinds of slaughter cattle and cows. This was due chiefly to the large increase in marketings of grain-fed cattle during recent months. Prices of most kinds of cattle declined further during July and early August. In mid-August prices of slaughter cattle were somewhat lower than a year earlier, but prices of stocker and feeder steers were about the same.

T H E L I V E S T O C K S I T U A T I O N

Summary

Marketings of livestock in terms of total live weight during the remainder of 1939 and in 1940 will be larger than a year earlier, according to the Bureau of Agricultural Economics. Most of this increase will be in hogs, although marketings of grain-fed cattle probably will continue larger than in the previous year during the first half of 1940, at least. Consumer demand for meats is expected to be a little stronger during the remainder of 1939 and in early 1940 than in the first half of this year.

For the country as a whole, feed supplies in 1939-40 will be ample, but there will be rather severe shortages in some sections. Because of hot and dry weather in July, feed crop prospects and pasture conditions in early August were poor in the Northeastern, Great Plains and Rocky Mountain regions. Range conditions in the Western States on August 1 were much below those of last year and below average. But in practically all of the Corn Belt west of the Missouri River crop prospects are favorable.

On the basis of August 1 conditions the total production of feed grains in the United States is indicated to be somewhat smaller than last year, but this decrease in production will be about offset by the increase in the carry-over of corn. Livestock numbers on January 1 will be larger than a year earlier, and the total feed supply per animal for 1939-40 is expected to be about 8 percent smaller than in 1938-39, but about 4 percent greater than the pre-drought (1928-32) average.

The number of cattle on feed in the Corn Belt States on August 1 was estimated to be about 16 percent larger than on August 1 last year. With feed supplies plentiful it is expected that the number of cattle fed in the Corn Belt next winter and spring will continue relatively large. But the number of cattle fed in the Western States in the coming feeding season will be considerably smaller than a year earlier because of short feed supplies.

Present indications are that total marketings of cattle and calves from the Western States will be somewhat larger this fall than last. Total cattle numbers in the Western States on January 1, 1940 may be little changed from a year earlier, but numbers in the rest of the country are expected to be larger.

Marketings of lambs from the Western sheep States probably will be larger this year than last. Although the Western lamb crop was a little smaller this year than last, poor range conditions in most of the area probably will discourage the holding back of ewe lambs to increase sheep numbers. The proportion of Western lambs in only feeder condition this fall will be much larger than last fall and larger than average.

The supply of lambs available for feeding this year will be larger than last. But with prospects for reduced hay crops and other feeds in some of the important Western lamb-feeding sections, especially in Colorado, Utah and Wyoming, the number of lambs fed in Western feeding areas is expected to be smaller than a year earlier. In the Corn Belt, where feed supplies will be relatively large, no reduction in the number of lambs fed now seems probable, and some increase may occur.

Prices of all livestock declined during July and early August. The average price of butcher hogs at Chicago declined from about \$7.10 in early July to \$5.90 the second week of August. Prices of slaughter lambs at Chicago dropped from \$10.20 in early July to \$8.80 in early August. Prices of slaughter cattle declined only moderately in July, after a sharp drop from early April through mid-June. Marketings of hogs in July were considerably larger than a year earlier, but supplies of cattle and lambs were slightly smaller.

REVIEW OF RECENT DEVELOPMENTS

BEEF CATTLE

Cattle prices decline further in July and early August

Prices of better grade slaughter steers, after declining fairly sharply in April and May, declined somewhat further in July and early August, largely because of increased marketings of such cattle. The average price of good grade slaughter steers at Chicago for the week ended August 12 was \$8.95 per 100 pounds, about 35 cents lower than a month earlier and 75 cents lower than a year earlier. Since late spring, marketings of grain-fed cattle have been considerably larger than those of last year, reflecting increased cattle feeding this year.

With the usual summer increase in marketings of grass steers and cows, prices of such cattle declined more sharply than those of well-finished steers in July and early August. The average price of common grade slaughter steers at Chicago for the week ended August 12 was \$6.65, about 85 cents lower than a month earlier, and about 65 cents lower than a year earlier. Prices of good grade slaughter cows at Chicago, averaging \$6.60 in the week ended August 12, were about 25 cents lower than a year earlier.

Prices of stocker and feeder cattle also have declined in recent months, partly because of the drop in prices of fed cattle and partly because of seasonally larger supplies from the Southwest. In early August, the average price of stocker and feeder steers, all weights, at Kansas City was \$7.53, 30 cents lower than that of a month earlier but about 10 cents higher than that of a year earlier.

Slaughter supplies of lower grades of cattle this year have been somewhat smaller than they were last year, and the consumer demand for meats, indicated roughly by national income, has been slightly stronger.

The current lower prices than a year earlier for such cattle might be due to the fact that hog slaughter has been considerably larger in recent months than a year earlier.

Cattle slaughter continues smaller than last year

The number of cattle slaughtered under Federal inspection in July totaled 782,000 head, slightly larger than in June, but 5 percent smaller than in July 1938. For the first 7 months of 1939, inspected cattle slaughter, totaling 5,239,000 head, also was 5 percent smaller than in the corresponding period of 1938. Inspected calf slaughter from January through July was 4 percent smaller than a year earlier.

Although fewer cattle have been slaughtered this year than last, the total live weight of inspected slaughter has been only slightly less than that in 1938. With generally abundant supplies and low prices of corn and other feeds, cattle have been marketed at somewhat heavier weights than a year earlier.

Cattle imports reduced in May and June

Partly because the April-June quota for imports of heavy cattle (700 pounds and over) at one-half the full duty of 3 cents per pound was nearly filled in April, and partly for other reasons, imports of all cattle decreased sharply in May and June. Only 27,000 head of cattle were imported in June compared with an average of 100,000 head imported monthly during the first 4 months of 1939. The decrease occurred largely in imports of cattle from Mexico, which had been of record proportions earlier in the year.

A new seasonal pattern is noticeable in cattle imports this year due to the quarterly-quota system for imports of heavy cattle which was inaugurated under the terms of the second Canadian Trade Agreement, effective January 1.

Imports of canned beef from Argentina, Uruguay, Brazil, and Chile during the first half of 1939 totaled 41 million pounds compared with 39 million pounds in the corresponding period of 1938. The combined imports of cattle and beef, in terms of dressed weight, from January to June this year were equivalent to about 9 percent of the total dressed weight of inspected cattle and calf slaughter in this country. Because only 60,000 head of heavy cattle from all countries may be imported during any quarter at the reduced rate of duty of 1.5 cents per pound, imports of such cattle have been bunched early in the quarter, with relatively small numbers coming in during the remainder of the quota period.

Imports of heavy cattle for the first 6 months of 1939 totaled 123,000 head compared with 48,000 head in the corresponding period of 1938, and 130,000 head in the like period of 1936. Seventy percent of such cattle imported came from Canada. During the first 2 weeks of July, about 15,000 head of heavy quota cattle were imported from Canada, and about 6,000 head from Mexico. The July-September duty-reduction quota for Canada is 51,720 head, for other countries (chiefly Mexico) 8,280 head.

Imports of all cattle for the first 6 months of 1939 totaled 491,000 head, the largest for the period on record. More than 340,000 of this total originated in Mexico, with by far the greater number being cattle weighing 200-699 pounds, the duty on which is 2.5 cents per pound. Imports of such cattle were particularly large during the first 4 months of the year, when drought in northern Mexico and relatively high prices for stocker and feeder cattle in this country were factors of considerable importance in bringing about the record imports of such cattle.

Cattle imports from Canada, Mexico, and all countries, by weight groups, January-June, 1936-39

Period	Canada				Mexico				All countries			
	Less: 200-	700 :			Less: 200-	700 :			Less: 200-	700 :		
	than: 699	lb. :			than: 699	lb. :			than: 699	lb. :		
	200 : lb. :	and :	All		200 : lb. :	and :	All		200 : lb. :	and :	All	
	lb. : 2/ :	over:	cattle		lb. : 2/ :	over:	cattle		lb. : 2/ :	over:	cattle	
	1/ :	3/ :			1/ :	3/ :			1/ :	3/ :		
	Thous.	Thous.	Thous.	Thous.	Thous.	Thous.	Thous.	Thous.	Thous.	Thous.	Thous.	Thous.
Jan.-June:												
1936	: 34	10	111	162	1	102	19	122	35	112	130	285
1937	: 57	6	85	156	1	133	24	158	58	139	108	315
1938	: 28	2	22	60	2	159	26	187	30	162	48	247
1939	: 49	3	86	147	29	278	37	344	78	282	123	491

Compiled from reports of the United States Department of Commerce.

1/ Less than 175 pounds prior to 1939. 2/ 175-699 pounds prior to 1939.

3/ Excluding cattle imported for dairy purposes.

SHEEP AND LAMBS

Price of lambs declines sharply in July

After strengthening slightly in the first week of July, prices of slaughter lambs declined sharply during the remainder of that month and in early August. The average price paid for good and choice lambs at Chicago for the week ending August 12 was about \$8.80 - \$1.40 less than for the first week in July but 50 cents higher than the average for the corresponding week last year. Prior to the decline of the past few weeks prices of spring lambs had averaged about \$1.25 above those paid in 1938.

Prices of slaughter ewes averaged a little higher in July than in June but were slightly lower than for July a year earlier. The average price of good and choice ewes at Chicago for the week ending August 12 was about \$3.25 per cwt.

Sheep and lamb slaughter unchanged in July

Inspected slaughter of sheep and lambs during July totaled 1,399,000 head. This was practically the same number as in June but was 4.3 percent less than in July of last year. In the first 3 months (May-July) of the current lamb crop marketing year inspected slaughter of sheep and lambs was about 7 percent smaller than in the corresponding months last year. Marketings of new crop lambs as well as supplies of yearlings have been smaller thus far this year than a year earlier.

HOGS

Hog prices decline in July and August

After advancing moderately in late June and early July, hog prices declined during the last 3 weeks of July and in early August. The average price of butcher hogs at Chicago was \$5.90 for the week ending August 12 compared with \$7.10 for the first week in July. The drop in prices of heavy hogs during the past few weeks has been especially marked. In early June the price of heavy hogs (300-330 pounds) was about 60 cents lower than the price of medium weight hogs (200-220 pounds). In early August the price of heavy hogs was about \$1.35 lower than the price of medium weight hogs. This relatively greater decline in the price of heavy hogs in recent weeks reflects in part the seasonal increase in marketings of packing sows and partly the current low prices of lard and the fat cuts of pork.

Hog slaughter decreases seasonally in July

Federally inspected slaughter of hogs declined seasonally in July but was considerably larger than a year earlier. The number of hogs slaughtered under Federal inspection in this month was 2,778,000 head, 400,000 less than in June but 500,000 more than in July of last year. The total number of hogs slaughtered under Federal inspection during the first 10 months (October-July) of the current hog-marketing year was about 34 million head. This was about 4.6 million head, or roughly 15 percent, more than in the corresponding 10 months of the 1937-38 marketing year.

Storage stocks of pork and lard reduced in July

Storage holdings of both pork and lard decreased during the month of July. The out-of-storage movement amounted to about 42 million pounds for pork and about 8 million pounds for lard. This is the regular seasonal movement for pork but lard holdings ordinarily do not decrease until after August 1. Total stocks of pork on August 1 amounted to about 455 million pounds, about 8 percent less than on the first of July and 17 percent less than the 5-year (1933-37) average for August 1. Storage holdings of lard on August 1 amounted to 140 million pounds, which is about 5 percent smaller than the July 1 figure and 9 percent less than the 5-year (1933-37) August 1 average.

Storage holdings of pork and lard on the first of the
month, specified months, average 1933-37, 1937-38
and 1938-39

Month	5-year average		1937-38		1938-39	
	1933-37					
	Pork	Lard	Pork	Lard	Pork	Lard
	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds	Million pounds
Oct.	415	108	283	73	277	90
Mar.	647	125	583	117	542	125
July	570	152	418	126	497	148
Aug.	546	154	379	124	1/455	1/140

1/ Preliminary.

Pork exports increase again in June

Exports of pork amounted to 14.7 million pounds in June, an increase of 3 million pounds over May and 6.7 million pounds over April. The figure for June is the largest for any month since August 1934. Total exports of pork in the first 9 months (October-June) of the current marketing year amounted to 88.4 million pounds as compared with 66.5 million pounds for the same period a year earlier.

Exports of lard in June were somewhat smaller than in the preceding month, totaling 22.7 million pounds as compared with 25.3 in May. June exports of lard were about 30 percent larger this year than in 1938, however; and like pork, exports in the first 9 months of this marketing year were larger than in the same period a year earlier.

Feed Supplies, Pasture and Range Conditions

On the basis of August 1 conditions, the 1939 corn crop is indicated to be about 82 million bushels smaller than the 1938 crop. Production of oats this year is about 150 million bushels smaller than last year, production of grain sorghums about 10 million bushels smaller, while barley production is slightly larger. This decrease in production of all feed grains, however, will be about offset by the marked increase in the carry-over of old corn. The total supply of feed grains including production and stocks for the 1939-40 feeding season is indicated to be about 110 million tons compared with about 111 million tons last year and the 1928-32 (pre-drought) average of 108 million tons.

The number of feed grain consuming livestock on farms on January 1, 1940 probably will be about 7 percent larger than a year earlier, with the greatest increase in the number of hogs. The feed grain supply per livestock unit for 1939-40 is expected to be about .81 tons, or about 8 percent, less than a year earlier but about 4 percent larger than the 1928-32 average supply of feed per livestock unit.

The production of all tame hay for 1939 was indicated to be about 73 million tons, on the basis of August 1 conditions. This compares with a production of about 80 million tons last year.

For the country as a whole feed supplies for 1939-40 will be ample, but there will be rather severe shortages in some sections. Weather conditions have been very favorable for corn in the whole area extending from west central Minnesota, western Iowa and central Missouri eastward to central Pennsylvania and eastern North Carolina. But west of this area, especially in South Dakota, Nebraska and Kansas, hot and dry weather in July caused a marked deterioration in corn crop prospects.

There was a further marked decline in range conditions in July as a result of hot and dry weather. On August 1, range conditions in the Western States were much below those of a year earlier and below average. Conditions were decidedly poor in the area from west central South Dakota extending south and westward to central Arizona and covering large sections in New Mexico, Utah and Wyoming.

Pasture conditions on August 1 for the entire country were below that of last year and below the August 1 average of the pre-drought years. In the central and eastern Corn Belt and in the southeast, pastures were good to excellent. But because of drought in July, pastures were poor in early August in the northeastern, Great Lakes, Great Plains and Rocky Mountain regions.

Demand for Meats

The demand for meats was moderately stronger in the first half of this year than a year earlier. This improvement in demand reflected chiefly an increase in incomes of consumers as shown by the higher level of national income and of incomes of industrial workers.

Total production and consumption of meats in the first half of 1939 was larger than in any similar period since 1934. The total consumption (domestic disappearance) of federally inspected meats including lard from January through June 1939 was about 5 percent larger than a year earlier. All of the increase over a year earlier was in hog products; consumption of federally inspected beef and veal was 3 percent smaller and the consumption of federally inspected lamb and mutton was 5 percent less than in the first half of 1938.

Retail prices of good grade steer beef at New York City averaged about 8 percent higher in the first half of 1939 than in the first half of 1938; retail prices of good grade lamb averaged 4 percent higher, and retail prices of hog products averaged 5 percent lower. Based on retail prices of good grade meats at New York and the domestic disappearance of federally inspected meats and lard, total consumer expenditures for meats and lard were about 5 percent greater in the first half of 1939 than in the first half of last year. National income paid out in the first half of this year was about 1 percent greater than last year, and the index of incomes of industrial workers was about 7 percent higher in the first half of 1939 than in the first half of 1938.

Industrial activity increased materially in the last half of 1938, but declined from January through April of this year. Since April a moderate recovery has occurred. Some additional improvement probably will occur during the remainder of this year, but no marked change is expected. It is probable, therefore, that consumer demand for meats will continue relatively stable during the next several months. Demand for meats in the second half of this year may be a little stronger than in the first half of this year or in the last half of last year.

BEEF CATTLE OUTLOOK

Further increase reported in the number of cattle on feed

The number of cattle on feed for market in the Corn Belt States on August 1 this year was estimated to be 16 percent larger than the number on feed August 1 last year. The increase was general over the whole area, with larger numbers estimated on feed in all but one of the States, Minnesota, where the number on feed was about unchanged.

The number on feed April 1 this year was estimated as 13 percent larger than a year earlier, and on January 1 as 7 percent larger. Thus, the relative increase in the number on feed this year compared with last has grown larger as the year has progressed. Reports from feeders in April showed that a greater-than-usual proportion of the cattle on feed at that time would be marketed after August 1. The August reports indicate that these marketing intentions have been generally followed.

The estimated percentage increase in numbers on feed August 1 over a year earlier was the largest this year for all years of record beginning in 1928. This doubtless reflects the record stocks of corn in the Corn Belt States on July 1, and the high prices of cattle relative to corn prices that have prevailed since last fall.

The total number of cattle on feed August 1 this year in the Corn Belt probably was not greatly different from the average for that date in the pre-drought years. There was, however, a much different distribution than in the pre-drought period, with a larger proportion in the States east of the Mississippi River and a smaller proportion in the States west of the Missouri River.

Cattle feeders were asked this year to report the number of months that cattle on feed August 1 had been on feed. For the Corn Belt as a whole, these reports showed that about 33 percent had been on feed less than 4 months, about 37 percent had been on feed from 4 to 7 months, and about 30 percent had been on feed over 7 months. Considerable differences were noted in these percentages between the Eastern Corn Belt and Western Corn Belt. In the Eastern Corn Belt only 26 percent had been on feed less than 4 months, 33 percent from 4 to 7 months, and 40 percent over 7 months. In the Western Corn Belt these percentages were 37, 42, and 21, respectively.

Drought in western cattle area likely to cause increased marketings this fall

The recurrence of drought conditions again this year over much of the western half of the United States (North Dakota to Texas and westward) will have some effect on the cattle situation during the next few years. It is in this area that the reduction in cattle numbers resulting from the previous droughts largely took place, and where the largest increases in cattle numbers would be made during the next few years if feed conditions were fairly similar to those in the pre-drought years.

Present information as to conditions in this western area indicates that total marketings of cattle and calves during the last 5 months of 1939 may be somewhat larger than a year earlier. There is still time, however, for the feed situation over much of this area to be considerably improved by abundant August and September rainfall, especially if accompanied by a late fall.

If much improvement occurs, cattle marketings from the western area will be smaller than conditions in early August would seem to indicate. On the other hand, if rainfall in the next 2 months continues below average, sharply increased cattle marketings this fall over those of a year earlier may be expected in South Dakota, Nebraska, Kansas, Wyoming, Colorado and Utah. In Montana and North Dakota the feed situation in relation to the reduced numbers of cattle is fairly favorable and marketings may be no larger this fall than last.

In the Southwestern States, including Texas, New Mexico, and Arizona, late July and early August rains materially improved the feed outlook, and cattle and calf marketings this fall probably will be smaller than the heavy movement a year ago. However, a large number of cattle were brought into these States this year from Mexico, which may tend to cause increased shipments if most of them are marketed this fall.

Although prospects for fall pastures and ranges in the Pacific Coast States and Idaho were rather poor in August, normal fall rains could bring considerable improvement. Production of feedstuffs will be sufficient for normal winter requirements, and while cattle may have to be moved from some of the worst areas, they will go largely into other areas of the region where the situation is better. Total fall marketings of cattle from this area probably will not be much changed from last year.

It seems probable that the number of cattle fed for market in the western area as a whole during the coming winter and spring feeding season will be considerably smaller than a year earlier. This will restrict the outlet for feeder cattle in this area. On the other hand, the production of feed grains and other feeds over most of the country east of the western area promises to be large and supplies generally abundant, and prices of feed are lower than last year. The movement of feeder cattle eastward probably will be larger this fall than last.

If prices of feeder cattle make no more than an average seasonal decline from the levels of early August they will tend to encourage marketings from most of the western area. If they should decline rather sharply marketings would be reduced, except from the areas where the feed situation is so serious that there is little alternative except to ship.

As the situation appears early in August, it is probable that total cattle numbers in the western area on January 1, 1940 will be little changed from a year earlier, with a small decrease rather than any increase the most likely change.

Supplies of grain-fed cattle likely to continue fairly large, but trend in total cattle slaughter is downward

With a fairly large number of cattle on feed in the Corn Belt on August 1, marketings of grain-fed cattle during the remainder of 1939 are likely to be larger than in the corresponding period of last year. Returns from cattle feeding during the past year have been generally favorable. And with abundant supplies of corn and other feeds throughout most of the Corn Belt, the number of cattle put on feed in that area next winter may be as large as, if not larger than, the number on feed in early 1939. Feeding in other areas, however, may be reduced. Nevertheless, supplies of grain-fed cattle in the summer and fall of 1940 may be about as large as in the current year.

Although slaughter supplies of grain-fed cattle during the remainder of 1939 and in 1940 are likely to be larger than in corresponding periods of 1938, supplies of cows and heifers probably will continue smaller because of the tendency for producers to withhold cattle for herd-building purposes. Total cattle slaughter in 1939 is expected to be somewhat smaller than in 1938, and a further reduction in total slaughter may occur in 1940.

Cattle numbers increasing

On the basis of present indications it is expected that cattle numbers on January 1, 1940, will be 1 million head or more larger than at the beginning of 1939, with the actual increase depending to some extent on this year's outcome for feed crops in the western range area. From a record number of 74,262,000 head on farms and ranches in early January 1934, the cattle population decreased to 66,083,000 head in January 1938. Numbers increased during 1938, however, by more than 700,000 head. And on January 1, 1939, the cattle population totaled 66,821,000 head.

The total number of cattle slaughtered in 1939 is expected to be 4 or 5 percent smaller than the number slaughtered in 1938. Imports of cattle will be somewhat larger than a year earlier, and the calf crop also may be larger. Death losses of cattle and calves probably will show little change from those in 1938.

The number of cattle on farms January 1, 1938, apparently was the low for the current number cycle. Unless there is a recurrence of severe drought, such as occurred in 1934 and 1936, it seems likely that cattle numbers will continue to expand during the next few years. This expansion will be brought about largely by the withholding of cattle and calves from slaughter, which will result in some further decrease in cattle slaughter from the relatively high level of the past 5 years.

OUTLOOK FOR SHEEP AND LAMBS

1939 lamb crop slightly smaller than 1938 crop

The 1939 lamb crop, estimated at 31,867,000 head, was about 1 percent smaller than the record crop of 1938, but it was about 4 percent larger than the 1934-38 average. The decrease from last year was chiefly the result of the smaller lamb crop in Texas. The crop in Texas this year was nearly 600,000 head smaller than that of 1938. Although the number of breeding ewes in Texas on January 1, 1939 was about 430,000 head larger than a year earlier, the number of lambs saved per 100 ewes in that State dropped from 76 to 62.

In the western sheep States, excluding Texas, the 1939 lamb crop was slightly larger than that of 1938. Weather conditions in the western States were generally favorable during the 1939 lambing season, but feed conditions in a number of States during or following lambing were rather poor. Except in a few areas, range conditions in the western States

Estimated lamb crop in the United States and specified regions,
average 1931-35, annual 1936-39

Year	Western States, excluding Texas 1/	Texas	Native States 2/	United States
	Thousands	Thousands	Thousands	Thousands
Av. 1931-35 ...	16,020	2,998	11,105	30,124
1936	16,230	3,848	10,901	30,979
1937	15,243	4,158	11,329	30,730
1938	16,546	4,615	10,996	32,157
1939 3/	16,750	4,030	11,087	31,867

1/ Includes Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Washington, Oregon, California and South Dakota.

2/ Includes all States other than the western States and Texas.

3/ Preliminary.

during the spring and early summer were much below last year and below average. Early lambs marketed from this area were of poorer quality than last year.

The native lamb crop this year was slightly larger than that of 1938. The number of breeding ewes in the native sheep States on January 1, 1939 was the largest on record and was about 2 percent larger than a year earlier. This increase in breeding ewes, however, was partly offset by the decrease in the number of lambs saved per 100 ewes this year compared with last.

Little change in marketing indicated for 1939-40

Slaughter supplies of sheep and lambs in the 1939-40 marketing year, which began last May, may not be greatly different from those of the 1938-39 marketing year. In the first 3 months (May-July) of the current year, supplies were somewhat smaller than a year earlier.

In the 1938-39 marketing year, following the record lamb crop of 1938, inspected slaughter of sheep and lambs was only about 300,000 head larger than in 1937-38, despite the increase of about 1.4 million head in the lamb crop. This difference was due largely to the fact that numbers of stock sheep increased about 3 percent from January 1, 1938 to January 1, 1939. If the number of stock sheep does not increase from January 1, 1939 to January 1, 1940, slaughter in 1939-40 might be even larger than in 1938-39. With range conditions much below average and feed prospects poor in most of range States, it is probable that numbers of stock sheep on January 1, 1940 will be no larger than those of a year earlier.

Fall marketings from the Western Sheep States

The situation early in August indicated that the shipments of lambs and sheep from the 13 western sheep States during the 5 months, August to December, would be larger this year than last and that the proportion of lambs in feeder condition would be larger this year than last.

The feed situation, both present and prospective, over most of the western sheep area is unfavorable. The condition of ranges in these States on August 1 was much below average and among the lowest years of record. Although feed on the higher ranges, where many of the western flocks spend the summer, was fairly good, the lower ranges were generally poor and stock water was short. The stock water situation could be improved by good rains in late August and early September, but ranges in a number of States where the situation is the worst probably would not be much improved. Only in limited areas has the feed situation been so bad that the lambs are badly stunted, but they have not made average development, and the proportion of feeders will probably be above average and larger than last year.

The lamb crop in the western States, excluding Texas, was larger this year than last, and it seems probable that marketings from all of these States will be larger this fall than last. In view of the reduced hay crops and other feeds in some of the important lamb-feeding sections in these States, especially in Colorado, Utah and Wyoming, it is probable that the number of lambs fed in this area will be smaller this coming season than last. Hence, if marketings by western producers are larger and the number moving to feed lots in the western States is smaller, the shipments eastward out of the area, excluding Texas, may be considerably larger than last year.

With lower ranges generally dry and stock water short in many areas, lambs from flocks that have summered on the high ranges probably will be shipped earlier than usual. In view of the feed situation, it seems unlikely that the number of ewe lambs kept for replacements and to build up numbers will equal the relatively large numbers kept back last year. Also there will probably not be the price differential in favor of ewe lambs of desirable replacement type that usually prevails. Hence, shipments of lambs this year are expected to include both a larger proportion of lambs in feeder condition and also a larger proportion of ewe lambs than usual.

In Texas, lambs have not developed as well this year as last. Shipments of lambs from Texas before August 1 this year were smaller than a year earlier, but the number remaining on August 1 was considerably below a year earlier. Rains in July and early August materially improved the feed situation over most of the important sheep areas in Texas, and this has largely eliminated the necessity of moving large numbers of sheep and lambs in order to avoid heavy losses. Hence, the level of prices will be a more important factor in the volume of fall marketings from Texas than seemed probable earlier. If, because of the light weight and poor condition of many of the lambs, or because of a restricted demand for feeder lambs from the Corn Belt or both the prices available seem too low in relation to what might be realized by holding over the lambs and selling them as shorn grass fat yearlings next spring, marketings may be much below the record fall shipments of last year. Even if the price situation is fairly favorable, shipments this year to points outside the State will hardly equal those of last fall. The number of ewe lambs kept for replacements or shipped into other areas in Texas may be considerably smaller than last year.

At the present time it does not seem probable that the reduction in shipments out of Texas will be sufficient to offset the ~~increase~~ in shipments from the other western sheep States, and the total shipments out of the whole area from August through December are expected to be somewhat larger than those of the corresponding period last year.

Lamb feeding situation

The supply of lambs available for feeding probably will be larger this year than last. In most of the western sheep States, except Texas, which furnish the bulk of the feeder lambs, the lamb crop this year is a little larger than last. Although the total number of lambs raised in the western States, including Texas, is smaller than in 1938, the proportion of the crop that will be in only feeder condition will be considerably larger than last year.

In 1938 western lambs made good gains, and a larger than usual proportion were in slaughter condition at the time of sale in the fall. Many lambs purchased for feeding were two-way lambs - carrying enough finish for slaughter as well as being desirable for feeding. The number of such two-way lambs will be considerably smaller this year than last, reflecting slow gains made on account of poor range conditions.

As already indicated, feed prospects in important western feeding areas are rather unfavorable, and it now seems probable that the number of lambs fed in the western States will be smaller than last season. In most of the Corn Belt, however, feed supplies will be abundant. But changes in feed crop production frequently are not reflected in changes in the number of lambs fed. Returns from lamb feeding were fairly favorable last winter, and with feed supplies in the Corn Belt plentiful there is little reason to expect any decrease in lamb feeding in that area, with some increase not unlikely.

Up to early August relatively few western lambs had been sold on contract for fall delivery. Reports indicate the number contracted thus far this summer is less than a year earlier and much less than 2 years earlier. Prices reported for lambs sold on contract this year have ranged mostly from \$6.50 to \$7.50, while last summer the range in prices was from \$6 to \$7.

HOG OUTLOOK

Information concerning the outlook for hogs was given in detail in the July issue of the Livestock Situation. The following statements are largely a summary of the material given in the July issue.

1. The large increase (20 percent) in the 1939 spring pig crop and the prospective increase in the 1939 fall pig crop indicate that market supplies of hogs in the 1939-40 marketing year will be materially larger than in the present marketing year. If the combined spring and fall pig crops total about 83 million head, as now seems likely, inspected hog slaughter in the 1939-40 marketing year probably will be around 47 million head. This would be about 7 million head larger than inspected slaughter in the current marketing year and it would be the largest for any year since 1932-33.

2. Hog marketings are expected to increase seasonally during the next several months as the movement of spring pigs gets underway in large volume. Although the 1939 spring pig crop was much larger than that of 1938, the seasonal increase in hog marketings from August through December may be no larger than the increase in that period last year as marketings are already on a considerably higher level than a year earlier.

3. The increase in hog production this year brings the total number of pigs raised in the whole country back to the level prevailing in the 5 years before the 1934 drought. But in the most important producing region, Western Corn Belt, the number of pigs raised this year will be somewhat below the 1929-33 average.

Some further increase in hog production (number of pigs raised) may occur in 1940 in some sections of the Western Corn Belt and perhaps in the Eastern Corn Belt, but the increase probably will not be nearly so large as that which occurred this year. The hog situation in 1939-40 will be different from that of 1938-39 in that supplies of feed grains per head of livestock will be smaller and hog marketings will be larger. These changes, along with the possibility that the corn loan will be about the same in 1939-40 as in the present year, indicate that the ratio of hog prices to corn prices will be less favorable for hog producers than it was from late 1937 to early 1939.

Wool Situation 1/

Sales of wool in the domestic market were relatively large in July and prices of many grades of wool advanced to the highest level for the current season. The increase in sales in July followed a slight decline in prices in the second half of June. Mixed lots of country packed 3/8 and 1/4 blood bright fleece wools sold at 32 cents a pound, grease basis, delivered to Boston, in the first week of August compared with 29.5 to 31 cents a pound a month earlier. Prices of most grades of wool at the London wool sales in July were higher than at the May sales. The advance was greatest on crossbred wools.

The quantity of wool shorn or to be shorn in the United States in 1939 is estimated at 376 million pounds, or about 1 percent larger than the quantity shorn in 1938. Stocks of apparel wool held by United States dealers and manufacturers on July 1 totaled 255 million pounds, grease basis, and were about 42 million pounds smaller than a year earlier. Such stocks do not include wool held on farms and ranches which are fairly large at this time of year. But total supplies in the United States on July 1 probably were smaller than a year earlier and below the 5-year average.

The weekly rate of mill consumption of apparel wool in the United States in June was 17 percent higher than in May and was the highest rate reported since the first quarter of 1937. Consumption on a grease basis in the first half of the year was 70 percent larger than in the same months

1/ From the August 1939 issue of the Demand and Price Situation. For more detailed information see the August issue of the Wool Situation, copies of which may be obtained upon request from the Division of Economic Information, Bureau of Agricultural Economics, Washington, D. C.

last year and almost 20 percent larger than the 6-months average for the 10 years 1928-37. Prospects are for a fairly high level of mill consumption in the next few months, and fairly large imports may be necessary before the 1940 domestic clip is available.

An estimated increase of about 3 percent in Australian wool production for 1939-40 is offset by the smaller carry-over at selling centers and total supplies for the new season are estimated to be about equal to the 5-year (1933-37) average. The carry-over of wool into the 1939-40 season in South America and New Zealand is expected to be much smaller than in 1938 and also smaller than the 5-year average.

Supplies of hogs and hog products, specified periods

Item	Unit					Oct.-Sept.		Oct.-June	
		June	May	June	Av.				
		1938	1939	1939	1928-29	1936-	1937-	1937-	1938-
					to	37	38	38	39
					1932-33:				
Hog slaughter under Federal inspection:									
No. slaughtered <u>1/</u>	Thous.	2,533	3,416	3,185	46,363	34,142	34,580	27,189	31,265
Live weight:									
Average	Pound:	251	236	246	231	221	234	231	232
Total	Mil.lb.	636	806	784	10,723	7,538	8,089	6,291	7,236
Total dressed wt.	" "	477	605	586	8,069	5,586	6,046	4,718	5,424
Yield of lard per 100 pounds live weight of hogs	Pound:	12.7	13.3	13.6	15.2	10.9	12.4	12.4	13.3
Prod. of lard	Mil.lb.	80	107	106	1,630	833	1,002	779	957
Exports: <u>2/</u>									
Pork	Mil.lb.	8	12	15	211	59	89	67	88
Lard	" "	17	25	23	657	107	208	165	197
Imports of pork <u>2/</u>	" "	.5	.5	.4	.6	72	57	45	39
Proportion of sows in inspected slaughter <u>3/</u>	Pct.	55.8	49.9	55.6	51.2	51.1	49.9	48.2	46.5

1/ Bureau of Animal Industry. 2/ United States Department of Commerce. Pork includes bacon, hams, and shoulders, and fresh, canned, and pickled pork. Lard includes neutral lard. 3/ Includes gilts.

Prices of hogs and hog products, specified periods

Item	Unit					Oct.-Sept.		Oct.-July	
		July	June	July	Av.				
		1938	1939	1939	1928-29	1936-	1937-	1937-	1938-
					to	37	38	38	39
					1932-33:				
Av. price, all purchases:	Dol. per:								
Seven markets	100 lb.	8.56	6.08	5.80	<u>1/</u>	10.28	8.33	8.39	6.96
Chicago	" "	8.60	6.34	5.92	6.99	10.49	8.47	8.55	7.11
Av. price of barrows and gilts, Chicago	" "	9.49	6.63	6.67	<u>1/</u>	<u>1/</u>	8.76	8.75	7.28
U.S. average price received by farmers	" "	8.56	5.96	6.26	6.48	9.66	8.07	8.09	6.79
Av. price of No. 3 yellow corn, Chicago	Cts. per lb.	59	51	<u>2/48</u>	62	115	57	58	49
Hog-corn price ratio: <u>3/</u>									
Chicago	Bush.	14.7	12.4	12.3	11.6	9.2	14.8	14.7	14.6
No. Central States	"	18.0	13.5	15.3	12.9	9.4	17.6	17.5	17.1
Proportion of packing: sows in total packer and shipper purchases, 7 markets <u>4/</u>	Pct.	33.0	22.0	34.0	<u>1/</u>	15.0	13.0	10.0	10.0
Av. weight at 7 mkts.	Pound	272	259	270	<u>1/</u>	231	246	245	245

1/ Not available. 2/ Estimated. 3/ No. of bushels of corn equivalent in value to 100 lbs. of live hogs. 4/ Monthly figures computed from weekly averages.

Slaughter and market supplies of cattle and calves, specified periods

Item	Unit	Year		Month				
		Average:	1938	1938		1939		
		1924-33:		June	July	May	June	July
Slaughter under Federal inspection:								
Number slaughtered-	Thou-							
Cattle 1/	sands	8,850	9,776	816	820	814	778	782
Calves 1/	do.	4,819	5,492	475	436	509	448	417
Cows and heifers	do.	4,181	4,864	379	404	371	333	
Steers	do.	4,340	4,516	394	375	402	407	
Average live weight-								
Cattle	Pounds:	953	921	915	912	936	930	
Calves	do.	176	189	183	198	180	189	
Total dressed weight-								
Cattle	Mil. lbs	4,532	4,798	401	397	415	397	
Calves	do.	487	581	49	47	51	47	
Inspected shipments: 1/	Thou-							
Feeder cattle and calves	sands	2,894	2,704	151	181	173	150	210
Imports:								
Cattle 2/	do.	253	434	18	18	63	27	
Canned beef 3/	Mil. lbs: 4/	36	79	8	8	11	8	

1/ Bureau of Animal Industry. 2/ United States Department of Commerce. General imports prior to 1934; beginning January 1, 1934, imports for consumption.
 3/ United States Department of Commerce. Imports for consumption. 4/ Figures include "other canned meats" prior to 1929.

Price per 100 pounds of cattle and calves, July 1939, with comparisons

Item	: July : : average: July : : 1924-33: 1937	: July : : 1938	: May : : 1939	: June : : 1939	: July : : 1939
	: <u>Dol.</u>	: <u>Dol.</u>	: <u>Dol.</u>	: <u>Dol.</u>	: <u>Dol.</u>
Beef steers sold out of first hand at Chicago:					
Choice and Prime	11.36	15.47	11.39	11.26	10.03 9.80
Good	10.44	13.83	9.98	9.92	9.29 9.26
Medium	9.23	10.91	8.83	8.88	8.54 8.55
Common	7.59	8.40	7.29	8.03	7.67 7.33
All grades	10.25	13.97	10.71	9.68	9.22 9.30
Cows, Chicago:					
Good	1/ 6.99	8.36	7.26	7.51	7.15 7.04
Low cutter and cutter	2/ 3.95	4.63	4.78	5.25	5.19 3/5.02
Vealers, Chicago:					
Good and Choice	10.64	9.85	9.08	9.48	9.03 9.73
Stocker and feeder steers, Kansas City:					
Average price, all weights ..	4/ 7.30	8.28	7.80	8.89	7.94 7.61
Average price paid by packers:					
All cattle	7.88	8.17	7.62	7.93	7.77
Steers	5/	5/	9.60	9.18	8.89
Calves	8.69	8.02	7.71	8.52	8.16

1/ Good and Choice, 1924-27. 2/ Canner and Cutter, 1924-June 1926. 3/ Average of cutter and common, and canner. 4/ Average 1925-33. 5/ Not available.

Supplies of sheep and lambs, specified periods

Item	Unit	Year		Month					
		Av.	1938	1924-33		1938		1939	
		1924-33	1938	June	July	June	July	May	June
Slaughter under Federal inspection:									
Sheep and lambs:									
Number slaughtered 1/	Thous.	14,737	18,060	11,216	1,219	1,485	1,461	1,392	1,401
Average live weight	Pound	81	85	75	76	79	80	84	79
Average dressed weight		39	40	37	37	38	38	40	38
Total dressed weight	Mil.lb.	569	720	45	45	56	55	55	53
Lambs and yearlings:									
Number slaughtered	Thous.	13,678	16,884	1,125	1,146	1,395	1,370	1,292	1,316
Percentage of total sheep and lambs	Percent	92.8	93.5	92.5	93.9	93.9	93.8	92.8	93.9

1/ Bureau of Animal Industry.

Prices per 100 pounds of sheep and lambs, by months,

May-July, 1937-39

Item	1937			1938			1939		
	May	June	July	May	June	July	May	June	July
Slaughter lambs, Chicago:									
Good and choice 1/	2/9.64	3/11.63	10.55	2/7.10	3/9.08	8.89	2/8.75	3/9.94	9.56
Slaughter ewes, Chicago:									
Common and medium	2.93	2.30	2.86	2.69	2.59	2.54	3.00	2.14	2.27
Feeding lambs, Omaha:									
Good and choice	--	8.53	8.80	--	6.97	7.34	--	--	8.09
Average price paid by packers:									
Sheep and lambs	9.69	9.95	9.60	7.37	7.77	7.95	8.94	8.69	
Average price received by farmers:									
Sheep	4.89	4.52	4.53	3.59	3.43	3.46	3.94	3.67	3.66
Lambs	9.16	8.88	8.50	6.90	6.84	6.84	8.02	7.49	7.31

1/ Lots averaging within top half of good grade. 2/ Shorn basis. 3/ Spring lambs.

Index numbers of national income, income of industrial workers, and cash income from meat animals, specified periods

Item	Calendar year		Jan. + June		June		May		June	
	1937	1938	1938	1939	1938	1939	1938	1939	1939	1939
National income paid out (1929 = 100) 1/	88	82	82	83	81	83	84			
Income of industrial workers (1924-29 = 100)	94	72	70	77	67	75	79			
Cash farm income from meat animals (1924-29 = 100)	35	79	76	79	76	84	76			

1/ United States Department of Commerce.